

# Financial And Consumer Affairs Authority of Saskatchewan



Annual Report 2017/2018



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# Letters of Transmittal



His Honour, Honourable W. Thomas Molloy, Lieutenant Governor of Saskatchewan

May It Please Your Honour:

As the Minister responsible for Financial and Consumer Affairs Authority of Saskatchewan, I respectfully submit the annual report for the year ending March 31, 2018.

A handwritten signature in black ink that reads "Don Morgan". The signature is written in a cursive, flowing style.

Don Morgan, Q.C.  
Minister of Justice and Attorney General



Honourable Don Morgan, Q.C.  
Minister of Justice and Attorney General

Dear Sir:

I have the honour of submitting for your consideration the annual report of Financial and Consumer Affairs Authority of Saskatchewan for the year ending March 31, 2018.

A handwritten signature in black ink that reads "R. Sobotkiewicz". The signature is written in a cursive, flowing style.

Roger Sobotkiewicz  
Chair  
Financial and Consumer Affairs  
Authority of Saskatchewan

# Message from the Chair

There is no question that our marketplace and how people do business is changing. Consumers, investors, pension plan members and industry expect access to timely information, efficient processes and rules that are reflective of today's reality. As a regulator, it is important that we find ways to incorporate innovation into both the rules set for industry and our day-to-day operations so that we can deliver the greatest benefit for the public.

This past year we worked on a number of projects that were responsive to the changes we see happening. We revised the continuing education exam for Saskatchewan mortgage brokers to incorporate new information about mortgage fraud so that mortgage brokers are better equipped to identify fraud and prevent it. We also updated the film and video classification rules to improve the process and achieve efficiencies.

Innovation can come in many different forms. Four initiatives we worked on last year are good examples of technological and regulatory innovations:

- the continued development of our electronic Registration and Licensing System (RLS);
- the modernization of our website;
- the amendments to The Pension Benefits Regulations, 1993 regarding limited liability plans; and
- the Canada wide ban of binary options.

## **Registration and Licensing System (RLS)**

We continued with the development and implementation of RLS. This online portal streamlines the licensing process for most FCAA regulated individuals and businesses, allows for many payments to be made electronically and will have a search function so the public can easily find out who is licensed and registered by FCAA. Since 2016, vehicle dealers have been using RLS and having one area go live early has allowed us to refine the system and make improvements. We expect all of the remaining areas to come on line in 2018-19.

## **Website Modernization**

We redesigned our website so that it has a brand new look and feel. It will be mobile friendly and have navigation that is more intuitive for users. It will also have a robust search engine so people can find content easily, and will have images and videos offering another way for people to digest information rather than just text.

## **Amendments to Pension Regulations for Limited Liability Pension Plans**

Recognizing the unique characteristics and growing popularity of limited liability pension plans, we developed amendments to the regulations that change our approach to how we regulate these plans. The amendments will result in limited liability plans being more affordable while still protecting member benefits. One of the key changes allows limited liability plans to calculate commuted values in a manner that will reduce the negative impact on the plan as a whole when members remove their money from the plan upon termination of membership.

## **Binary Options Ban**

Together with our colleagues at the Canadian Securities Administrators, we took a bold step and decided to make the selling, advertising and trading of binary options shorter than 30 days illegal. We took this drastic step because many investors were falling victim to binary option fraud and losing their hard-earned money. We also brought technology companies such as Google and Facebook on board and worked with them to remove binary option advertising from their sites. The project was a success and incidents of binary option fraud fell dramatically. Banning products from the marketplace is an extreme option and not something a regulator will do readily. It demonstrates we are willing to use the full extent of our regulatory powers and find novel ways to work with partners to protect the public.

Keeping up with innovation is a balancing act. It is important to look at the objectives and the implications for everyone involved. For a regulator, you always have to weigh the costs and the benefits of change.

Some of the most important work carried out at FCAA last year focused on supporting our innovators. The driving force behind our innovation is our employees. Without their creativity and determination the transformation we accomplished would not have happened. Last year we partnered with other Treasury Board Crown corporations to create new education opportunities for our staff through the Johnson Shoyama Graduate School of Public Policy. We also increased our use of cross-divisional employee working groups to expose staff to more senior level project work. All of this ties into our new succession plan we developed last year that will ensure our employees are able to build the expertise and skillsets needed to become FCAA's leaders of tomorrow.

Innovation is not easy; it requires a good strategy, great effort and solid execution. FCAA's employees are the engine that moves the organization forward and it was their perseverance and professionalism that allowed us to complete our many achievements last year. I am grateful for their dedication.

I'm pleased to share this report documenting our accomplishments over the past year.

A handwritten signature in black ink, appearing to read 'R. Sobotkiewicz', with a stylized flourish at the end.

Roger Sobotkiewicz  
Chair and CEO



Simon Hutton, Intern, Legal Branch and Stephanie Wilkinson, Communications and Marketing Consultant, Corporate Services.

# Who We Are

As a regulator and quasi-judicial adjudicator, we protect Saskatchewan consumers, public interests and businesses by providing effective, balanced and timely market regulation.

Financial and Consumer Affairs Authority (FCAA) is a Crown corporation assigned to the Minister of Justice and Attorney General and led by an eight-person Board of Directors established under *The Financial and Consumer Affairs Authority of Saskatchewan Act*. FCAA is dedicated to advancing the interests of consumers by ensuring fair trading conduct and minimizing opportunities for unfair, unlawful, or deceitful commercial activity.

- Financial services are essential to the growth, development and strength of market economies because they support corporate growth and innovation and make managing financial risk easier. Regulation is essential for maintaining the integrity, efficiency, and transparency of financial markets. Except for banks, FCAA regulates or oversees all financial services in Saskatchewan including: the credit union system, insurance, pensions, securities, trust and loans, payday loans and mortgage brokers.
- Consumer protection regulation is also critical to helping Saskatchewan residents acquire wealth and retirement savings. Enforcement of consumer protection laws is necessary to ensure Saskatchewan residents have a high quality of life, confidence in their government, institutions and the marketplace.

FCAA is responsible for helping to develop provincial legislation, regulations, policies and rules and for interpreting and applying those rules while protecting the rights and interests of consumers when the rules are violated.

Our regulatory functions for financial services include prudential and market conduct regulation. Prudential regulation means making sure regulated businesses and institutions are financially sound. Market conduct regulation entails ensuring businesses comply with consumer protection provisions such as disclosure requirements, fair practices and record keeping requirements.

We rely on and oversee key partners for licensing and regulation including:

- Credit Union Deposit Guarantee Corporation
- Funeral and Cremation Services Council of Saskatchewan
- General Insurance Council of Saskatchewan
- Life Insurance Council of Saskatchewan
- Hail Insurance Council of Saskatchewan
- Saskatchewan Real Estate Commission
- Investment Industry Regulatory Organization of Canada
- Mutual Fund Dealers Association of Canada

FCAA supports consumer education and awareness as a means of encouraging consumers to protect themselves.





Debbie Eklund, Administrative Assistant, Securities Division.

# Board of Directors



Board Members: Mary Ann McFadyen, Howard Crofts, Paul Robinson, Roger Sobotkiewicz, Gordon Hamilton, Peter Carton, Dave Tulloch, Derek Fahl.

## Roger Sobotkiewicz

Chair and Chief Executive Officer  
Adjudicative Committee

Roger Sobotkiewicz was appointed Chairperson of the Authority on February 4, 2016. Prior to that, he held the position of acting Chairperson since February 1, 2015. He is also the CEO of the Authority and holds a number of statutory appointments, including: Superintendent of Insurance; Superintendent of Pensions; Superintendent of Financial Institutions and Registrar of Credit Unions. Mr. Sobotkiewicz acted as legal counsel for the Authority for more than a decade, during which time he led a number of significant policy initiatives for the Authority. Prior to joining the Authority, he practiced law in private practice and in the Crown sector. He holds a Bachelor of Laws from the University of Manitoba.

## Paul Robinson

Vice-Chair - Appointed June 2009  
Human Resources and Governance  
Committee  
Adjudicative Committee

Paul Robinson was appointed to the Authority in June 2009. His career includes several senior positions in provincial and municipal governments including Deputy Minister of Revenue and Financial Services and Deputy Minister of Parks and Renewable Resources. He has also worked as a financial planner with a national investment firm. He has an honours BA from the University of Waterloo and an MBA from McMaster University. He is also a non-practicing professional accountant (CPA, CMA) and a CFA charterholder.

## Peter Carton

Member - Appointed June 2009  
Chair of Finance and Audit Committee  
Adjudicative Committee

Peter Carton was appointed to the Authority in June 2009. Mr. Carton retired from a career spanning 30 years with the Royal Bank of Canada. He has background in all areas of retail banking; most recently, he was the Regional Vice-President for Commercial Banking covering Saskatchewan, Manitoba and northwestern Ontario. Mr. Carton holds an MBA from Dalhousie.

## Gordon Hamilton

Member - Appointed June 2009  
Chair of Human Resources and  
Governance Committee  
Adjudicative Committee

Gordon Hamilton was appointed to the Authority in June 2009. Mr. Hamilton is a lawyer in private practice with the Saskatchewan law firm of McDougall Gauley LLP. He has extensive experience in labour relations and administrative law, having served as Vice Chairperson of the Canada Industrial Relations Board. Mr. Hamilton also has a background in the co-operatives and Saskatchewan credit unions. He held senior positions at Affinity Credit Union, Saskatchewan Wheat Pool (now Viterra), and Federated Co-operatives Limited.

## Mary Ann McFadyen

Member - Appointed June 2009  
Human Resources and Governance  
Committee  
Adjudicative Committee

Mary Ann McFadyen was appointed to the Authority in June 2009. Ms. McFadyen was associated with the Saskatchewan Chamber of Commerce for over 30 years. She was the Executive Director and CEO of the Chamber for more than two decades. In recognition of her contribution to business, she received the Canada 125 Award and was named one of the ten most influential women in Saskatchewan by *Saskatchewan Business Magazine*.

## Derrek Fahl

Member - Appointed July 2011  
Chair of Adjudicative Committee  
Finance and Audit Committee

Derrek S. Fahl was appointed to the Authority in July 2011. He is a partner at Miller Thomson. He has a corporate-commercial practice, working in the areas of mergers & acquisitions, securities law, corporate governance and secured lending transactions. Mr. Fahl holds a Bachelor of Commerce and Juris Doctor from the University of Saskatchewan.

## Howard Crofts

Member - Appointed December 2015  
Finance and Audit Committee  
Adjudicative Committee

Howard Crofts was appointed to the Authority in December 2015. He is a Chartered Professional Accountant (FCPA, FCA) and holds a Bachelor of Administration degree from the University of Saskatchewan. He spent his career working in public practice providing assurance, tax and business advisory services to clients in a variety of industries. For 10 years prior to retiring from MNP LLP in 2012, he held various leadership roles at the Firm's regional and national levels. He currently serves as a member of the boards of directors and various committees of Saskatchewan Government Insurance (SGI), SGI Canada Insurance Services Ltd., Coachman Insurance Company, Saskatchewan Auto Fund, Saskatchewan Cancer Agency, Pro Docs Ltd., and Greystone Managed Investments Inc.'s Pension and Pooled Fund Advisory Committees.

## Dave Tulloch

Dave works for the Ministries of Justice and Attorney General and Corrections and Policing as the Assistant Deputy Minister responsible for Corporate Services. Prior to joining Justice in 2010, Dave held senior financial positions in the Ministries of Environment and Education. From 1999 to 2006 Dave worked for the provincial wildfire program, and was responsible for developing and implementing a strategic planning and performance management framework. Through most of his career Dave has worked within the financial management functions of the provincial government. Dave holds a Master of Business Administration from the University of Saskatchewan, along with undergraduate degrees from the University of Regina in Business and Economics. In 2010, he obtained a Certified Management Accountant designation. He has served on the board since mid 2017.



Gayle Hurd, Pension Officer, Pensions Division; Jeff Bowman, Senior Pension Analyst, Pensions Division; Holly Johnson, Senior Pension Analyst, Pensions Division; Leah Fichter, Director, Pensions Division; Tami Dove, Senior Policy Analyst, Pensions Division.

# Committees of the Board

The work of the Board of Directors is assisted by the following committees:

**The Finance and Audit Committee** helps the Board of Directors fulfill its oversight responsibilities by reviewing:

- our policies and procedures for managing risk;
- our financial statements and other financial information;
- the ways we control our finances and accounting; and,
- how we report on our accounting and financial reporting processes and the external auditor's performance.

This committee also oversees our audit process and provides advice to continue improving our financial policies and practices.

**The Human Resources and Governance Committee** gives the Board of Directors advice on compensation, corporate assessment, and corporate governance matters. The goals of this committee are to ensure FCAA has:

- a culture of integrity;
- systems in place to assess staff performance;
- systems in place to assess FCAA's performance – including our Board of Directors and committees;
- appropriate corporate governance policies, practices, and procedures that are being followed;
- an employee compensation and benefit package that attracts and retains qualified staff; and,

- succession planning in place for senior management and other critical positions.

**The Adjudicative Committee** periodically re-evaluates our policies and procedures for hearings and recommends improvements. This committee also helps panel members stay current on legal issues related to FCAA's hearing process.

In addition to our board members, two retired judges have been appointed to this committee: The Honourable Eugene Scheibel and The Honourable John Klebuc. Both also serve as panelists at FCAA hearings.

The Honourable Larry Kyle stepped down in 2017. His experience and legal acumen were valued assets and we are grateful for his service.

# Our Divisions

FCAA is organized into five program divisions: Consumer Credit, Consumer Protection, Insurance and Real Estate, Pensions, and Securities. These program areas are supported by the Legal Branch, the Chair's Office, and Corporate Services which includes Communications.

## Consumer Credit

The Consumer Credit Division is responsible for regulating trust, loan and financing corporations; loan and mortgage brokers; payday lenders; and overseeing Credit Union Deposit Guarantee Corporation's regulation of Saskatchewan credit unions and Credit Union Central of Saskatchewan. The division protects the public interest and enhances public confidence by encouraging sound and ethical business practices.

## Consumer Protection

The Consumer Protection Division supports fair trading in goods and services between consumers and businesses when the purchases are for personal, household, or family use. This includes:

- market regulation;
- sector-specific business and salesperson licensing;
- complaint investigation;
- education initiatives;
- inter-agency and inter-jurisdictional cooperation; and
- enforcement action.

The division also supports the Film Classification Board and oversees the Funeral and Cremation Services Council.

## Insurance and Real Estate

The division protects insurance policyholders by regulating provincial insurance companies, federal and provincial insurance companies' market conduct, and by overseeing the Insurance Councils of Saskatchewan with respect to rules insurance agents and brokers must follow. The division also oversees the Saskatchewan Real Estate Commission and protects real estate buyers and sellers by taking action to stop unlicensed real estate activity.

## Pensions

The Pensions Division registers and supervises pension plans which are established for Saskatchewan workers. Many of these plans also have members who work in other provinces. In that case, the Division supervises the plans on behalf of the pension regulators in other provinces, in accordance with a multilateral agreement with the other jurisdictions.

The Division ensures that plans comply with the minimum standards in *The Pensions Benefits Act, 1992*, and are funded according to the rules in the Act. The Division also promotes the equitable treatment of plan members and protects their pension savings from undue loss. It supervises all changes to registered pension plans, including changes to plan design, governance, plan mergers and terminations.

The Division is also responsible for *The Pooled Registered Pension Plans Act*, which came into force in spring 2016.

## Securities

The Securities Division protects investors by regulating trading in securities and derivatives. Activities aimed at protecting investors include:

- registering individuals and companies in the investment industry;
- reviewing documents used by companies and individuals to sell their securities to the public;
- requiring businesses to file regular financial information, send it to their security holders, and disseminate it to the market;
- reviewing companies' continuous disclosure documents, such as financial statements and press releases, to ensure they provide appropriate and timely ongoing information to serve as a basis for securities trading in the secondary market;
- exempting businesses from the main requirements of the legislation, when appropriate;
- holding to account those who have not followed the provisions of the Act, or who have engaged in fraudulent and unscrupulous practices;
- participating in oversight of Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA); and,
- participating in policy development on a national basis.



Janis Leitner, Administrative Coordinator, Consumer Protection Division.

# How We Work



**Licensing and  
Registration**

**Review, Audit and  
Compliance**

**Market Conduct  
and Complaint  
Handling**

**Enforcement**

Here at FCAA, we have four main activities that help us to build and maintain your trust in Saskatchewan's markets.

## **Licensing and Registration**

We license and register more than 19,000 entities and individuals in Saskatchewan across a wide variety of industries to make sure they are suitable for our marketplace.

## **Review, Audit and Compliance**

We review prospectuses of businesses who wish to raise capital from the public. We routinely conduct audits to make sure that businesses and individuals are complying with Saskatchewan laws and meeting their obligations to consumers.

## **Market Conduct and Complaint Handling**

Every day we receive, review, and investigate consumer complaints to determine whether rules have been violated. In appropriate cases, we work to mediate solutions for all parties or to recommend further courses of action.

## **Enforcement**

Sometimes the information we receive from complaints, audits and compliance activities, or from other sources shows that people or entities have violated the rules. We use our legislated authority to hold these persons to account through the imposition of regulatory sanctions or by collaborating with law enforcement.





Lorena Lacka, Enforcement Assistant, Securities Division.

*We license and register  
more than 19,000 entities  
and individuals.*

# 2017 – 2018 Accomplishments

## Establish and support effective rules for Saskatchewan's marketplace

### Developed amendments to film and video classification rules

Together with Ministry of Justice officials, we drafted the regulations associated with *The Film and Video Classification Act, 2016*. Aspects that changed from the prior legislation include the appeal, registration, and classification processes, and the criteria for disapproving a film. The new legislation is expected to come into force by July 2018.

### Worked on modernizing insurance laws in Saskatchewan

Passed the *Insurance Regulations* which ensures public protection through market conduct provisions and new regulatory enforcement tools as well as prudential provisions to ensure appropriate oversight. The regulations were drafted in consultation with the Insurance Councils of Saskatchewan and a number of industry associations such as the Insurance Brokers Association of Saskatchewan. The regulations were passed in June, 2017 and will come into effect along with *The Insurance Act* in early 2019.

### Continued drafting provincial legislation and regulations in support of the Cooperative Capital Markets Regulatory System

In concert with the other participating jurisdictions, we continued the development of legislation and regulations. The new system will streamline the capital market regulatory framework so Canada has an international presence, investors will have increased protections and enforcement processes will be strengthened.

## Administer the rules in Saskatchewan's marketplace

### Developed cooperative supervisory framework for insurance sector

Worked with other Canadian insurance regulators to develop and implement a supervisory framework that meets the requirements of the International Association of Insurance Supervisors' Insurance Core Principles. The framework allows Saskatchewan to participate in joint regulatory activities such as cooperative reviews of insurers' activities and the sharing of information obtained through an Annual Market Conduct Survey.

### Continued review of administration of commercial cemeteries

Analyzed cemeteries legislation in other provinces and countries, and reviewed options regarding the management and regulation of commercial cemeteries in Saskatchewan.

## Promote consumers' and regulated entities' understanding of their respective rights and responsibilities

### Educated consumers, investors and pension plan members

Executed 23 public education campaigns on consumer awareness issues such as gift cards, budgeting, travel insurance, vehicle trade-ins, payday loans, and unregistered companies doing business in Saskatchewan.

### Created a crisis communication strategy to respond to various issues

Identified possible crisis scenarios and developed strategies to respond in order to ensure public confidence in the marketplace.

**FCAA has the people, processes, and systems to achieve its regulatory goals**

**Worked on making the licensing process easier for stakeholders**

Continued the development of FCAA's new online Registration and Licensing System (RLS), which will allow stakeholders to apply for and renew a licence, file documents and make some payments online. The public will also have the ability to search for businesses licensed and registered with FCAA.

**Continued enhancing IT service provider monitoring**

Finalized the development of an enhanced policy to ensure FCAA's IT systems and data are effectively managed and secured.

**Enhanced data integrity**

Continued development of corporate wide processes to ensure data and records are managed and stored in a consistent manner. These processes comply with government's Administrative Records Management Schedule (ARMS) and Operational Records Schedule (ORS) requirements. Both systems will be fully implemented within the next few years.

**Developed balanced budget for post Capital Markets Regulatory Authority (CMRA) launch**

Once CMRA launches, FCAA will no longer receive revenue from the Securities division. In order to balance the budget, FCAA identified industries where the costs of regulation were not fully recovered by the fees and amended the fees charged to those industries. A plan has been developed to fund its regulatory operations that better ensures financial assistance will not be required from the Government.

**Established an oversight framework for Self-Regulatory Organizations (SRO)**

FCAA staff developed a policy that will ensure consistency in FCAA's approach to its oversight of these organizations, including how we define roles and responsibilities, set out expectations, and establish mechanisms of reporting and oversight. The policy was approved by management and FCAA's board of directors. FCAA has begun discussions with SROs to ensure appropriate processes are implemented.

**Continued working on the establishment of CMRA**

Staff in the participating jurisdictions (British Columbia, Saskatchewan, Yukon Territory, Ontario, New Brunswick and Prince Edward Island) continue to work on organizational design, human resources and operational issues. FCAA employees who work in the Securities division will carry on securities regulation on behalf of the CMRA under a three year service agreement once CMRA is launched. At the end of the agreement, these employees may become part of the CMRA.

## Other significant projects to strengthen Saskatchewan's marketplace

### **Assisted Innovation Credit Union (ICU) with the continuance vote**

Worked with Credit Union Deposit Guarantee Corporation (CUDGC) and ICU to ensure ICU members had received complete information regarding the vote to seek continuance as a federal credit union pursuant to the *Bank Act* (Canada).

### **Strengthened partnership with CUDGC**

Developed an agreement that outlined roles and responsibilities for oversight of both credit unions and SaskCentral to ensure checks and balances are in place to protect members' money. The bilateral regulatory agreement was developed with CUDGC, and signed in April 2018.

### **Ensured Saskatchewan mortgage professionals were equipped to help consumers**

Reviewed, revised and approved the continuing education course offered by Mortgage Professionals Canada to ensure it was appropriate for all licensed mortgage brokers and mortgage associates in Saskatchewan. The course focuses on mortgage fraud, disclosure requirements, and ensuring that a selected mortgage is right for a borrower.

### **Updated legislation to incorporate medical assistance in dying**

Consulted with insurance regulators across Canada and key industry stakeholders regarding the potential impact medical assistance in dying legislation may have on insurance contracts, and whether insurance legislation would require modification. After consultations, Bill 73, *The Insurance Amendment Act, 2017* was developed and introduced in the Legislature in the fall of 2017, which amends *The Insurance Act* and *The Saskatchewan Insurance Act* to reflect changes in the law regarding medical assistance in dying.

### **Enhanced protections for pension plan members in limited liability plans**

After consultations with stakeholders the regulations were amended to permanently remove the requirement that solvency deficiencies be funded for limited liability plans. To enhance member protection in those plans, the regulations were amended to require funding margins, enhance member communication and allow plans to be amended to reduce the amount of money terminating members can take out of a plan.



Shannon McMillan, Director of Communications, Corporate Services.

# Governing Legislation

*The Auctioneers Act*  
*The Auctioneers Regulations*  
*The Cemeteries Act, 1999*  
*The Cemeteries Regulations, 2001*  
*The Charitable Fund-raising Businesses Act*  
*The Charitable Fund-raising Businesses Regulations*  
*The Collection Agents Act*  
*The Collection Agents Regulations*  
*The Consumer Protection and Business Practices Act*  
*The Consumer Protection and Business Practices Act Regulations - Consumer Contracts*  
*The Consumer Protection and Business Practices Act Regulations - Pre Paid Purchase Cards*  
*The Consumer Protection and Business Practices Act Regulations - Vehicle Dealers*  
*The Co-operatives Act, 1996*  
*The Cost of Credit Disclosure Act, 2002*  
*The Credit Reporting Act*  
*The Credit Reporting Regulations*  
*The Credit Union Act, 1985*  
*The Credit Union (Extraprovincial Forms) Regulations, 2016*  
*The Credit Union Act, 1998*  
*The Credit Union Regulations, 1999*  
*The Credit Union Insurance Business Regulations*  
*The Credit Union Central of Saskatchewan Act, 2016*  
*The Credit Union Central of Saskatchewan Regulations*  
*The Direct Sellers Act*  
*The Direct Sellers Regulations, 1997*  
*The Film and Video Classification Act*  
*The Film Video Classification Regulations, 1997*  
*The Financial and Consumer Affairs Authority of Saskatchewan Act*  
*The Funeral and Cremation Services Act*  
*The Funeral and Cremation Services Regulations*  
*The Mortgage Brokerages and Mortgage Administrators Act*  
*The Mortgage Brokerages and Mortgage Administrators Regulations*  
*The New Generation Co-operatives Act*  
*The Payday Loans Act*  
*The Payday Loans Regulations*  
*The Pension Benefits Act, 1992*  
*The Pensions Benefits Regulations, 1993*  
*The Pooled Registered Pension Plans (Saskatchewan) Act, 2016*  
*The Pooled Registered Pension Plans (Saskatchewan) Regulations*  
*The Real Estate Act*  
*The Real Estate Regulations*  
*The Sale of Goods Act*  
*The Saskatchewan Insurance Act*  
*The Saskatchewan Insurance Councils Regulations*  
*The Saskatchewan Insurance Compensation Plan Regulations, 1990*  
*The Saskatchewan Insurance Regulations, 2003*  
*The Securities Act, 1988*  
*The Securities Regulations*  
*The Securities Commission (Regulation Procedures) Regulations*  
*Securities Commission (Disclosure of Personal Information) Regulations, 2008*  
*Securities Commission (Adoption of National Instruments) Regulations*  
*Securities Commission (Local Instruments) Regulations*  
*The Ticket Sales Act*  
*The Ticket Sales Regulations*  
*The Trust and Loan Corporations Act, 1997*  
*The Trust and Loan Corporations Regulations, 1999*

# Performance Measures

## How We Measure Success

### Stakeholders - How do stakeholders see us?

- Regulated entities have confidence in the Saskatchewan marketplace.
- Consumers use FCAA information.

### Our People - How do we continue to improve, innovate and create value?

- Build employee engagement.
- Provide learning and training opportunities for our employees.

### Operational/Internal - How do we demonstrate operational excellence?

- Number of regulated entities reviewed each year.
- Client service standards achieved.

### Financial - How are we accountable?

- Variance from operational budget is contained.

## Client Service Standards

### Consumer Credit

- Review an application for licensing and issue a licence or an initial comment letter within 15 business days.

### Insurance and Real Estate

- Review an application for licensing and issue a licence or an initial comment letter within 30 business days, when FCAA is the primary regulator, or 15 business days, when FCAA is not the primary regulator.

### Pensions

- Review actuarial valuations of non-designated pension plans within 45 business days.
- Review annual information returns within 25 business days.

### Securities

- Approve or respond to applications for individual registration within ten business days when FCAA is the principal regulator.
- Provide initial comments within ten business days of the date of the preliminary receipt issued for a long form prospectus and within three business days of the date of the preliminary receipt issued for a short form prospectus, when FCAA is the principal regulator.

### Consumer Protection

- Respond to telephone inquiries immediately or return messages within three business days.
- Review an application for licensing and issue a licence or provide an initial comment letter within 15 business days.

We use performance measures to track our core activities and progress toward achieving strategic action items and to assess our success for the organization as a whole. In addition, each division also has efficiency and effectiveness measures.

Measure	Data	Why Chosen	Target	Performance
Stakeholder Confidence in FCAA	Stakeholder Survey (Next survey is scheduled for winter 2018)	Stakeholder views on the effectiveness of regulation are important	Maintain a 3 or higher	3.0 on a five point scale in 2015 survey*
Consumers Use FCAA Information	Website Usage	The website is the primary way we disseminate information to consumers	5% Increase in Number of Hits on Consumer Pages	300,951 hits. (19.5 % increase) (251,838 in 2016-17)
Number of Regulated Entities Reviewed Each Year (Field and Desk Review)	Number of entities directly regulated by FCAA. Target number of entities that will be reviewed (based on risk and other criteria)	Sufficient regulation is both educational and a deterrent	Complete 100% of planned reviews	<ul style="list-style-type: none"> <li>• <b>Pensions:100%</b></li> <li>• <b>Consumer Credit: 17%**</b></li> <li>• <b>Insurance and Real Estate: 79%</b></li> <li>• <b>Securities: 100%</b></li> </ul>
Client Service Standards	See "Client Service Standards" on page 21  <b>Consumer Credit:</b> Review an application for licensing and issue a licence or an initial comment letter within 15 business days  <b>Insurance and Real Estate:</b> Review an application for licensing and issue a licence or an initial comment letter within 30 business days  <b>Pensions :</b> Review of Valuations within 45 business days Review of Annual Information return within 25 business days  <b>Securities:</b> Response to individual registration applications within 10 business days Comments on long form prospectuses within 10 business days Comments on short form prospectuses within three business days  <b>Consumer Protection:</b> Response to inquiry line callers within three business days Application Reviews within 15 business days	Service standards indicate quality service to those regulated	Meet 100% of Client Service Standards	<p>.....</p> <p>..... 98 %</p> <p>..... 100 %</p> <p>..... 100 %</p> <p>..... 100 %</p> <p>..... 95 %</p> <p>..... 100 %</p> <p>..... 100 %.</p> <p>..... 100 %</p> <p>..... 98%</p>
Build Employee Engagement	Employee survey (Based on employee ratings of overall satisfaction)	FCAA's most valuable resource is its people	Achieve 80 %	74 % Employee Engagement
Learning and Training Opportunities	Employee survey Employee reporting	We want to ensure we maintain an appropriately trained workforce	80% Employee Participation	100 % of Employees
Variance from Operational Budget	2018 Financial Statements	Managing within authorized amounts indicates efficiency	Within 10% of Expenditure Budget	2.9 % under budget

\* The survey is conducted every two years.

\*\* This is due to an unforeseen number of staff vacancies.



# Division Statistics

CONSUMER CREDIT DIVISION STATISTICS					
ACTIVITY	2017-18	2016-17	2015-16	2014 -15	2013-14
<b>Licences in Force under <i>The Trust and Loan Corporations Act, 1997</i></b>					
· Financing Corporations	151	148	152	131	124
· Trust Corporations	42	41	42	42	41
· Loan Corporations	7	7	8	8	7
· Loan Brokers	7	6	4	6	8
<b>Licences in Force under <i>The Mortgage Brokerages and Mortgage Administrators Act</i></b>					
· Mortgage Brokerages	49	51	54	52	55
· Mortgage Brokers	113	120	118	115	120
· Mortgage Associates	208	217	223	219	207
· Mortgage Administrators	1	1	1	1	1
<b>Licences in Force under <i>The Payday Loans Act</i></b>					
Payday Lenders	56	59	53	54	59
<b>Credit Unions (as of March 31st*)</b>	44	46	46	49	52
<b>Audits, Inspections, or Reviews</b>	1**	20	19	26	27

\* The 2014-15 annual report mistakenly reported Credit Unions as of December 31, 2013. The correct numbers are now reported.

\*\* This is due to an unforeseen number of staff vacancies.

### CONSUMER PROTECTION DIVISION STATISTICS

ACTIVITY	2017-18	2016-17	2015-16	2014 -15	2013 - 14
<b>Licences/Registrations in Force:</b>					
· Vendors/ Registrants	1,938	1,486	1,589	1,720	1,660
· Salespersons	4,982	4,978	4,917	4,612	4,408
<b>Telephone Inquiries</b>	5,648	6,664	6,853	5,024	6,670
<b>Complaints, Investigations, and Inspections</b>	300	404	508	477	531
<b>Bond Pay-Outs to Consumers</b>	0	0	0	0	0

### INSURANCE AND REAL ESTATE DIVISION STATISTICS

ACTIVITY	2017-18	2016-17	2015-16	2014 -15	2013 -14
<b>Licence/Registrations in Force</b>	231	233	238	235	238
<b>Extra-provincial, Federal, and Foreign Insurers (not including extra-provincial reciprocal insurers)</b>	212	214	219	214	208
<b>Provincial Insurance Companies</b>	11	11	11	12	12
<b>Extra-Provincial Reciprocal Insurers</b>	8	8	8	9	8
<b>Audits, Inspections, or Reviews</b>	15	7	20	23	14

PENSIONS DIVISION STATISTICS					
ACTIVITY	2017-18	2016-17	2015-16	2014 -15	2013 - 14
<b>Number of Plans Supervised</b>	535	536	552	557	530
<b>Number of Members in Plans Supervised</b>	189,762	185,255	184,065	180,110	176,522
<b>New Plans Registered</b>	18	12	18	31	18
<b>Plans Terminated</b>	17	27	18	10	14
<b>Actuarial Valuations Reviewed</b>	42	27	20	37	32
<b>Annual Information Returns Reviewed*</b>	530	518	578	538	574
<b>Plan Amendments Registered</b>	131	102	149	137	105
<b>On-site Pension Examinations</b>	0	1	1	1	0

\*The number of reviewed annual information returns (AIRs) will not precisely match the number of registered pension plans supervised. There are several reasons for this – i) a pension plan may file more than one AIR in any given fiscal year, ii) plan jurisdiction and design changes can result in additional AIR filings (i.e. transferring of plans between jurisdictions, plan mergers, etc.), and iii) plans listed as terminated plans would have had AIR filing requirements throughout the year in which they terminated

SECURITIES DIVISION STATISTICS					
ACTIVITY	2017-18	2016-17	2015-16	2014 -15	2013 - 14
<b>Companies Registered to Sell Securities at Year End</b>	544	525	511	508*	497
<b>Individuals Registered to Sell Securities at Year End</b>	14,307	13,880	13,310	13,015	12,762
<b>Receipts Issued for Selling Documents of Saskatchewan Issuers</b>	3	3	2	5	5
<b>Selling Documents Received of Non-Saskatchewan Issuers</b>	684	677	681	847	793
<b>Continuous Disclosure Documents Received:</b>					
· Annual Financial Statements	5,158	5,294	5,021	4,984	4,994
· Interim Financial Statements	7,764	7,533	7,716	7,696	7,745
· Proxy/Information Circulars	3,488	3,753	3,935	3,668	4,126
· Material Change Reports	2,559	2,571	3,006	2,959	3,260
· Annual Information Forms	1,095	1,167	1,215	1,261	1,406
<b>Management Discussion and Analysis Received:</b>					
· Annual	1,262	1,294	1,355	1,326	1,461
· Interim	3,742	3,671	4,161	4,087	4,180
· Annual Management Report of Fund Performance Received	3,789	3,763	3,789	3,620	3,558
<b>Applications for Exemption:</b>					
· Applications Granted	23	22	75	99	123
· Applications Withdrawn	3	3	3	1	10
<b>Investigated Complaints and Enforcement Action:</b>					
· Number of Files Open* at Beginning of the Period	89	124	117	102	82
· Number of Files Opened During the Period	104	89	96	119	106
· Number of Files Closed During the Period	100	87	89	104	86
· Number of Files Open at the End of the Period	93	126	124	117	102

\* Files Open includes: investigative files, general inquiries, share certificate search requests and crowdfunding detrimental checks.

## SECURITIES DIVISION STATISTICS

ACTIVITY	2017-18	2016-17	2015-16	2014 -15	2013-14
<b>Files Opened by Complaint Type:</b>					
· Disclosure Violation	0	0	0	0	0
· Fraud	0	4	3	2	9
· Illegal Distribution	48	30	22	23	24
· Insider Trading	2	6	3	7	2
· Market Manipulation	1	0	0	0	0
· Misconduct by Registrants (Including Referrals to the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada)	32	30	38	32	34
· General Inquiries, Share Certificate Inquiries, Assistance to other Regulators and Crowdfunding Files	21	19	30	55	37
· Total Files Opened	104	89	96	119	106
<b>Investigation Orders</b>	5	6	8	8	8**
<b>Temporary and Extending Enforcement Orders</b>	23	18	32	5	2
<b>Settlement Agreements with Orders</b>	2	1	4	2	2
<b>Hearings with Orders</b>	7	5	8	7	4

\*\*The 2013-14 annual report mistakenly reported Investigation Orders as 46. The correct number is now reported.



**FCAA Management Team**

Back row: Karen Pflanzner, General Counsel; Roger Sobotkiewicz, Chair and CEO; Sonne Udemgba, Deputy Director of Legal, Securities; Liz Kutarna, Deputy Director of Capital Markets, Securities; Cory Peters, Director of Consumer Credit; Tony Herdzik, Deputy Director of Corporate Finance, Securities; Eric Greene, Director of Consumer Protection.

Front row: Clarence Yam, Director of Corporate Services; Dean Murrison, Director of Securities; Denny Huyghebaert, Deputy Director of Consumer Protection; Leah Fichter, Director of Pensions; Vivek Jain, Deputy Director of Consumer Credit; Shannon McMillan, Director of Communications; Jan Seibel, Acting Director of Insurance and Real Estate.

# Financial Statements



# Management's Responsibility for Financial Statements

## Financial and Consumer Affairs Authority of Saskatchewan


### Report of Management for the Year Ended March 31, 2018

The accompanying financial statements are the responsibility of the management of the Financial and Consumer Affairs Authority of Saskatchewan. They have been prepared in accordance with Public Sector Accounting Standards, using management's best estimates and judgments where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies, and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Authority's Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The financial statements have been reviewed and approved by the Board.

The Office of the Provincial Auditor has audited the Financial and Consumer Affairs Authority of Saskatchewan financial statements in accordance with Canadian generally accepted auditing standards and its report follows.



Roger Sobotkiewicz  
Chair and Executive Director  
July 12, 2018



Tony Herdzik CPA CA  
Deputy Director - Corporate Finance  
July 12, 2018



# Independent Auditor's Report



PROVINCIAL AUDITOR  
of Saskatchewan

## INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Financial and Consumers Affairs Authority, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net financial debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Financial and Consumers Affairs Authority as at March 31, 2018, and the results of its operations, changes in its net financial debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Judy Ferguson".

Regina, Saskatchewan  
July 12, 2018

Judy Ferguson, FCPA, FCA  
Provincial Auditor

1500 Chateau Tower - 1920 Broad Street Regina, Saskatchewan S4P 3V2  
t 306.787.6398 f 306.787.6383 e info@auditor.sk.ca  
) [www.auditor.sk.ca](http://www.auditor.sk.ca)

# Statement 1


## FCAA Statement of Financial Position as at March 31

	2018	2017
<b>Financial Assets</b>		
Cash	\$ 1,290	\$ 2,890
Due from General Revenue Fund (Note 4)	24,459,096	19,418,199
Accounts receivable	56,699	19,355
<b>Total financial assets</b>	<b>24,517,085</b>	<b>19,440,444</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,038,912	1,105,386
Dividend payable to General Revenue Fund (Note 5)	22,723,491	17,100,398
Unearned revenue (Note 13)	2,211,012	2,594,740
<b>Total liabilities</b>	<b>25,973,415</b>	<b>20,800,524</b>
<b>Net-Financial Debt (Statement 3)</b>	<b>(1,456,330)</b>	<b>(1,360,080)</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Notes 10 and 18)	1,797,439	1,349,719
Prepaid expenses	90,879	41,253
<b>Total Non-Financial Assets</b>	<b>1,888,318</b>	<b>1,390,972</b>
<b>Accumulated Surplus (Statement 2)</b>	<b>\$ 431,988</b>	<b>\$ 30,892</b>

Contractual Obligations (Note 9) and Contingencies (Note 15)

(See accompanying notes to the financial statements)

APPROVED BY THE BOARD



Chairperson



Chairperson, Finance and Audit Committee

# Statement 2

## FCAA Statement of Operations

### for the Year Ended March 31

	Annual Budget 2018	Actual 2018	Actual 2017
	(Note 17)		
<b>Revenue</b>			
Revenue (Note 12)	21,788,000	\$30,806,207	\$25,151,827
<b>Expenses</b>			
Salaries and benefits	5,886,876	5,656,180	6,013,205
Travel (Note 14)	78,246	53,049	72,503
Contract services	754,994	832,524	764,736
Communications	22,625	25,267	20,752
Rent, supplies and services	1,029,128	1,048,240	1,006,491
Minor asset purchases	10,502	6,360	12,850
Information System Development (Note 18)	597,629	-	-
Transfers (Note 16)	25,000	60,000	130,000
Total expenses	8,405,000	7,681,620	8,020,537
<b>Annual Surplus (Note 11)</b>	13,383,000	23,124,587	17,131,290
<b>Accumulated Surplus, beginning of year</b>	\$ -	30,892	\$ -
<b>Less:</b>			
Dividend to General Revenue Fund (Note 5)	(13,383,000)	(22,723,491)	(17,100,398)
<b>Accumulated Surplus, end of year (Statement 1)</b>	\$ -	\$ 431,988	\$ 30,892

(See accompanying notes to the financial statements)

# Statement 3

## FCAA Statement of Changes in Net Financial Debt for the Year Ended March 31

	2018	2017
Annual Surplus (Statement 2)	\$ 23,124,587	\$ 17,131,290
Acquisition of tangible capital assets (Notes 10 and 18)	(447,720)	(682,092)
Increase in prepaid expense	(49,626)	(18,490)
Dividend to the General Revenue Fund (Note 5)	(22,723,491)	(17,100,398)
Increase in net financial debt	(96,250)	(669,690)
<b>Net financial debt, beginning of year</b>	(1,360,080)	(690,390)
<b>Net financial debt, end of year (Statement 1)</b>	\$ (1,456,330)	\$ (1,360,080)

(See accompanying notes to the financial statements)

# Statement 4

## FCAA Statement of Cash Flows

### for the Year Ended March 31

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Annual Surplus (Statement 2)	\$ 23,124,587	\$ 17,131,290
Changes in non-cash working capital		
· Accounts receivable	(37,344)	1,837
· Prepaid expenses	(49,626)	(18,490)
· Accounts payable and accrued liabilities	(66,474)	219,343
· Unearned revenue	(383,728)	(532,427)
<b>Cash Provided By Operating Activities</b>	<b>22,587,415</b>	<b>16,801,553</b>
<b>Cash Used in Financing Activities</b>		
Dividend to the General Revenue Fund	(17,100,398)	(16,391,505)
<b>Cash Flows Used in Capital Activities</b>		
Information Systems Development (Notes 10 and 18)	(447,720)	(682,092)
<b>Net (Decrease) Increase in Cash</b>	<b>5,039,297</b>	<b>(272,044)</b>
Cash and cash equivalents, beginning of year	19,421,089	19,693,133
<b>Cash and cash equivalents, end of year</b>	<b>24,460,386</b>	<b>19,421,089</b>
<b>Cash and cash equivalents consists of:</b>		
Cash	1,290	2,890
Due from General Revenue Fund	24,459,096	19,418,199
	<b>\$24,460,386</b>	<b>\$ 19,421,089</b>

(See accompanying notes to the financial statements)

# FCAA Notes to the Financial Statements for the Year Ended March 31, 2018

## 1. Authority and Purpose

The Financial and Consumer Affairs Authority of Saskatchewan (FCAA) was established under the provisions of *The Financial and Consumer Affairs Authority of Saskatchewan Act* being Chapter F13.5 of The Statutes of Saskatchewan, proclaimed in force on October 1, 2012.

FCAA is a Treasury Board Crown corporation within the meaning of *The Crown Corporations Act, 1993*.

The mandate of FCAA is to oversee the protection of consumer and public interests and support economic well-being through responsive marketplace regulation. FCAA enhances consumer protection through licensing and registration, audit and compliance, market conduct, complaint handling, and enforcement activities pursuant to various provincial statutes.

FCAA has five divisions to carry out its mandate.

- Consumer Credit Division - regulates and supervises Saskatchewan credit unions; trust, loan and finance companies; loan and mortgage brokers; and payday lenders. The Division protects the public interest and enhances public confidence by encouraging sound and ethical business practices.
- Insurance and Real Estate Division - licenses all companies which transact insurance in Saskatchewan. It protects insurance policyholders through solvency regulation of

provincial insurance companies and market conduct regulation of federal and provincial companies. The Division oversees the Insurance Councils of Saskatchewan with respect to rules applied to insurance agents and brokers. The Division also protects real estate buyers and sellers by overseeing the Saskatchewan Real Estate Commission regarding the rules for real estate brokers and salespersons.

- Securities Division – protects investors by regulating the sale of securities and derivatives, without undue restrictions, to ensure that those who sell securities and derivatives to investors are honest and competent; investors are provided with selling documents that contain truthful, complete, and understandable information on which to base their investment decisions; buyers and sellers have equal access to information about companies trading in the secondary markets; and those who take undue advantage of investors are held to account.
- Pensions Division – protects Saskatchewan employees' pensions. The Division establishes standards for the structure, administration, investment, and ongoing funding of plans. The Division bolsters public confidence in the pension system by identifying and managing risks and

problems while allowing the market to develop to meet the retirement needs of Saskatchewan workers and employers.

- Consumer Protection Division – supports and promotes fair trading in goods or services purchased or acquired from a business for personal, household and family purposes. It strives to protect consumers and maintain a fair trading and business environment through: market regulation, sector-specific business and salesperson licensing, complaint investigations, information and education initiatives, inter-agency and inter-jurisdictional cooperation, enforcement, research, and by taking action on behalf of vulnerable consumers who have been deceived or misled. The Division also supports the Film Classification Board and oversees the Funeral and Cremation Services Council.

In addition, FCAA has a Legal and Corporate Services Branch. The Legal Branch provides legal and policy support to FCAA, other than the Securities Division, which has its own legal team. The Corporate Services Branch handles the internal administration for FCAA.

Refer to Note 19 for anticipated future changes to the capital markets regulatory system.

## 2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards published by CPA Canada. A statement of re-measurement gains and losses has not been presented in these financial statements, as the carrying value of all financial instruments approximates their fair value.

The following accounting principles are considered significant:

a. Revenue Recognition

i. Fees and Other Sources of Revenue

Fees and other sources of revenue are recognized when earned.

Securities registration fees are, by agreement, collected and remitted to the FCAA by the Investment Industry Regulatory Organization of Canada (IIROC). The fees remitted to FCAA are net of IIROC's administration fees. The FCAA records the gross fees collected by IIROC, and records an offsetting expense equal to the IIROC administration charge. For the year ended March 31, 2018, administration fees charged by IIROC totalled \$129,645 (2017 - \$128,953).

ii. Unearned Revenue

*The Saskatchewan Insurance Act* licence fees collected by the Insurance and Real Estate Division are for five-year licences. The licence fees collected by the Consumer Protection Division are also for a five-year period. The revenue from licence fees that relate to future periods

are recorded as unearned revenue, and recognized as revenue over the term of the licence.

Fees received by the Consumer Credit Division for trust and loan licences, mortgage broker licences, Credit Union Deposit Guarantee Corporation Fees, and payday lender licences are reported as revenue in the fiscal year in which the licence is issued. Fees received in one fiscal period for licences issued in the following fiscal period are treated as unearned revenue.

iii. Penalties and Cost Awards

Penalties and costs awards are recognized when the decision is issued, or settlement reached, and there is a clear demonstrated assurance of collectability. In the absence of this assurance, the revenue is recognized only when it has been received.

b. Expenses

Expenses represent the cost of resources consumed for operations during the year.

Transfers are recognized as expenses in the period during which the transfer is authorized and any eligibility criteria are met.

c. Tangible Capital Assets

Tangible capital assets are recorded at cost. Currently, FCAA's sole capital asset relates to costs for the Registration and Licensing System (RLS) development. This development is ongoing. Once development has concluded, and on

final acceptance of RLS, costs of the information system will be amortized on a straight-line basis over an estimated useful life of 10 years.

d. Use of Estimates

These statements are prepared in accordance with Canadian Public Sector Accounting Standards. These statements require management to make estimates and assumptions that affect the reported amounts of assets/liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from those estimates. Differences are reflected in the Statement of Operations in the period in which they become known.

e. FCAA has adopted the following Canadian Public Sector Accounting Standards effective April 1, 2017:

(i) PS 2200 Related Party Disclosures (effective April 1, 2017), a new standard defining related parties and establishing guidance on disclosure requirements for related party transactions. The new standard has no significant impact on the financial statements.

(ii) PS 3210 Assets (effective April 1, 2017), a new standard providing guidance for applying the definition of assets and establishing disclosure requirements for assets. The new standard has no significant impact on the financial statements.

## 2. Significant Accounting Policies (continued)

(iii) PS 3320 Contingent Assets (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contingent assets. The new standard has no significant impact on the financial statements.

(iv) PS 3380 Contractual Rights (effective April 1, 2017), a new standard defining and establishing guidance on disclosure requirements for contractual rights. The new standard has no significant impact on the financial statements.

(v) PS 3420 Inter-Entity Transactions (effective April 1, 2017), a new standard establishing guidance on accounting for and reporting on transactions between organizations in the government reporting entity. The new standard has no significant impact on the financial statements.

## 3. Financial Instruments

FCAA's financial instruments include due from and dividend payable to the General Revenue Fund (GRF), accounts receivable, accounts payable and accrued liabilities. The carrying amount of these instruments approximates their fair value due to their short-term nature. These instruments have no material interest rate risk or credit risk.

## 4. Due from General Revenue Fund (GRF)

FCAA's bank account is included in the GRF and accounted for separately through an accounting segregation. Interest earned on the balance attributed to FCAA is calculated and paid into the account using the Government of Saskatchewan's (the government) 30-day borrowing rate and FCAA's average daily bank account balance. For the year ended March 31, 2018, interest earned totalled \$161,574 (2017 - \$64,090). The government's average 30-day borrowing rate for the year ended March 31, 2018 was 0.869% (2017 - 0.536%).



## 5. Dividend to General Revenue Fund

FCAA had been following a directive from Treasury Board to its predecessor organization, the Saskatchewan Financial Services Commission, to pay any surplus to the GRF as a dividend.

For the year ended March 31, 2018, FCAA has recorded the annual operating surplus of \$23,124,587, \$22,723,491 of which has been recorded as a dividend to the GRF, and the remainder of \$401,096 recorded as accumulated surplus, to be recorded as a dividend to the GRF in the year ended March 31, 2019.

## 6. Employee Future Benefits

FCAA's employees participate in the Public Employees Pension Plan (PEPP), a multi-employer defined contribution pension plan. Pension costs of \$348,376 (2017 - \$380,903) are included in salaries and benefits, and comprise the employer contributions for current service of employees during the year. FCAA's liability for PEPP is limited to making its required contributions to the plan.

FCAA provides sick leave benefits for employees. These benefits, if unused, accumulate, but do not vest. The FCAA has not recorded an accrued sick leave benefit obligation, as it has been determined to be immaterial.

## 7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards, and commissions related to the FCAA by virtue of common control or shared control by the government, non-Crown corporations, and enterprises (collectively referred to as "related parties"). Related parties also include key management personnel and close family members and entities controlled by, or under shared control of, a member of key management personnel or a close family member of that individual.

The significant related party transactions incurred by FCAA and reflected in these financial statements were paid to the Ministry of Central Services for information technology equipment and support, and other administrative support services, totaling \$397,705 (2017 - \$378,528). These transactions were recorded at mutually agreed upon rates and settled at normal trade terms.

These financial statements reflect the salary costs of FCAA employees and include the costs of employee benefits, including pension costs (Refer to Note 6), incurred for FCAA by the Province of Saskatchewan relating to those employees. FCAA reimburses the Ministry of Finance for these employee benefit costs. For the year ended March 31, 2018, employee benefit costs totalled \$762,038 (2017 - \$819,776).

## 7. Related Party Transactions (continued)

These financial statements do not reflect the costs incurred by a number of related parties on behalf of FCAA. During the period ended March 31, 2018, FCAA received substantial administrative services from the Ministry of Finance without charge. In addition, FCAA, by agreement, received substantial services from the Public Service Commission relating to human resource management and payroll processing without charge.

Other transactions and amounts due to and from related parties are described separately in the financial statements and notes.

## 8. FCAA's Key Management and Governance Personnel Compensation

Key management of the FCAA include the executive director, and the eight (2017 - eight) division/branch directors. Compensation paid to key management personnel is shown below.

Members of the Board of Directors are responsible for the management of the affairs and business of the FCAA, through oversight, ensuring that management fulfills its responsibilities. Board and Panel Members are compensated solely through meeting per diems and annual retainers.

	<b>2018</b>	<b>2017</b>
Salaries and short term employee benefits	\$1,357,915	\$1,365,686
Post employment benefits (PEPP)	95,320	95,900
Board and Panel Member per diems	54,948	43,860
Board and Panel Member retainers	93,600	94,600
	<b>\$1,601,783</b>	<b>\$1,600,046</b>

Board and Panel Member per diems by nature are variable based on the number of hearings taking place per fiscal year.

## 9. Contractual Obligations

Effective January 1, 2018, FCAA has a contractual obligation for its premises. The current lease expires December 31, 2022. The future minimum lease payments are

as follows:

Contractual Obligations	
2018/2019	\$649,880
2019/2020	\$649,880
2020/2021	\$649,880
2021/2022	\$649,880
9 months 2022	\$487,410

Refer also to Note 18.

## 10. Tangible Capital Assets

### Information Systems Development

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 1,349,719	\$ 667,628
Additions	447,720	682,091
Net Book Value, end of year	\$ 1,797,439	\$ 1,349,719

Refer also to notes 2 and 18.

## 11. Segmented Disclosure

The following schedule provides the relevant segmented disclosure by division within FCAA:

Year ended March 31, 2018			
<u>Division</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Surplus (Deficit)</u>
Securities Division	\$24,250,314	\$2,504,415	\$21,745,899
Insurance and Real Estate Division	2,625,428	731,514	1,893,914
Consumer Protection Division	1,057,763	1,189,461	(131,698)
Pensions Division	624,821	587,201	37,620
Consumer Credit Division	2,083,872	634,588	1,449,284
Chair's Office/Administration	164,009	1,034,841	(870,832)
Legal Branch	—	999,600	(999,600)
<b>Totals</b>	<b>\$ 30,806,207</b>	<b>\$7,681,620</b>	<b>\$23,124,587</b>

Year ended March 31, 2017			
<u>Division</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Surplus (Deficit)</u>
Securities Division	\$19,612,098	\$2,559,222	\$17,052,876
Insurance and Real Estate Division	,1,959,370	716,347	1,243,023
Consumer Protection Division	979,445	1,388,207	(408,762)
Pensions Division	618,163	622,715	(4,552)
Consumer Credit Division	1,741,163	757,722	983,441
Chair's Office/Administration	241,588	1,111,086	(869,498)
Legal Branch	—	865,238	(865,238)
<b>Totals</b>	<b>\$25,151,827</b>	<b>\$8,020,537</b>	<b>\$17,131,290</b>

The expenses incurred by the Chair's Office/Administration and Legal Branch are to support the other operating divisions within FCAA.

Expenses relating to the operations of FCAA incurred by certain related parties are not reflected in these financial statements. Refer to Note 7 for additional details

## 12. Revenue By Category Within Each Division

Sources of revenue by division are as follows:

	<u>2018</u>	<u>2017</u>
<b>Securities Division</b>		
· Prospectus Fees	\$15,595,700	\$11,179,450
· Registration Fees	5,992,007	5,724,498
· Exemption Fees	249,700	279,532
· Continuous Disclosure Filing Fees	2,400,600	2,405,600
· Administrative Penalties/ Costs of Investigations	11,500	22,500
· Other	807	518
<b>Total</b>	<b>24,250,314</b>	<b>19,612,098</b>
<b>Insurance and Real Estate Division</b>		
· Unlicensed Insurance Fees	1,985,175	1,417,411
· Insurance Company Licences/Other	640,253	541,959
<b>Total</b>	<b>2,625,428</b>	<b>1,959,370</b>
<b>Consumer Protection Division</b>		
· Collection Agents Fees	497,590	529,804
· Motor Dealer Fees	341,441	203,358
· Direct Seller Fees	123,350	135,050
· Other	95,382	111,233
<b>Total</b>	<b>1,057,763</b>	<b>979,445</b>
<b>Pensions Division</b>		
· Pension Plan Registration, Annual Fees, and Other	624,821	618,163
<b>Consumer Credit Division</b>		
· Trust and Loan Licences	1,463,767	1,431,992
· Credit Union Deposit Guarantee Corporation Fees	300,000	-
· Mortgage Broker Licences	171,955	181,570
· Payday Loan Licence Fees	148,000	119,101
· Other	150	8,500
· Total	2,083,872	1,741,163
<b>Chair's Office</b>		
· Interest from GRF and Other	164,009	241,588
<b>Total Revenue</b>	<b>\$30,806,207</b>	<b>\$25,151,827</b>

### 13. Unearned Revenue

Unearned revenue, by revenue category is as follows:

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Saskatchewan Insurance Licence Fees	\$1,056,837	\$1,261,228
Consumer Credit Licence Fees	38,483	50,250
Consumer Protection Division Licence Fees	1,115,692	1,283,262
<b>Total</b>	<b>\$2,211,012</b>	<b>\$2,594,740</b>

### 14. Travel

FCAA is an active member of a number of financial regulatory organizations that are comprised of similar provincial and territorial regulators from across Canada. FCAA staff meet with their provincial counterparts through these organizations on a regular basis. Out-of-province travel is required for staff to attend these meetings and for other regulatory matters. Staff is also required to travel within the province in carrying out their regulatory responsibilities. FCAA follows the Government of Saskatchewan's policies and procedures relating to travel. Out-of-province travel is subject to prior review and approval. A delegated signing authority, approved by the Board of Directors, is in place to ensure that staff travel expenditures are subject to review and approval at the appropriate levels.

## 15. Contingencies

FCAA, along with others, is a defendant to a claim brought against it as a result of its operations. FCAA believes that this claim is without merit. If the court finds that FCAA is liable on the claim, any settlement to the plaintiff would be accounted for by FCAA as a charge against operations in the period in which settlement is made.

## 16. Transfers

The Consumer Protection Division provides ongoing operational funding (transfers) to permit certain consumer protection organizations and cemeteries under administration to meet their financial obligations.

By appointment under Section 74 of *The Cemeteries Act, 1999*, FCAA administers three cemeteries located in Estevan, Weyburn, and Moosomin. Being under administration, the operation of these cemeteries is independent of the operations of FCAA. As such, the operating results of the cemeteries are not included in the operating results of FCAA.

Transfers provided are as follows:

	2018	2017
Consumer Association of Saskatchewan Inc.	\$25,000	\$25,000
Green Acres Memorial Gardens Ltd.	20,000	50,000
Souris Valley Memorial Gardens Ltd.	7,500	30,000
Sunset Memorial Gardens (1970) Ltd.	7,500	25,000
<b>Total Transfers</b>	<b>\$60,000</b>	<b>\$130,000</b>

## 17. Budget

The annual budget for FCAA for the year ended March 31, 2018 was approved by Treasury Board.

## 18. Information System Development

On July 3, 2015, FCAA entered into a contract valued at \$1,395,601 to provide the services necessary for the development, training, system support and other services and performance warranties to upgrade its registration and licensing information technology needs. The original agreement provided for full implementation by August 2017, however, due to impending legislation changes that will impact the project needs, the FCAA Registration and Licensing System (RLS) is not expected to be fully implemented until January 2019. The agreement further provided for ongoing system support/maintenance charges of \$82,980 for three years after implementation. Consultants' costs relating to project management of the contract totaling \$148,000 have been expensed in prior years.

Costs incurred subsequent to July 3rd, 2015 relating to the development of RLS are being capitalized. Costs of \$447,720 have been capitalized during the year ended March 31, 2018 (\$682,091 in 2017). FCAA will begin amortizing the costs of RLS once final acceptance of RLS has occurred. (Notes 2 and 10)

## 19. Cooperative Capital Markets Regulatory System

On August 26, 2014, Saskatchewan's Minister of Justice and Attorney General signed a Memorandum of Agreement to join the Cooperative Capital Markets Regulatory System (CCMR), bringing Canada a step closer to a national regulator.

The implementation of the CCMR will occur in several phases which will include amending provincial and federal legislation, and establishing a common regulator, the Capital Markets Regulatory Authority (CMRA), for participating jurisdictions that will create important national reforms while still allowing provinces to promote local needs.

On the operational launch date (yet to be determined) for the CCMR, the Securities Division of the FCAA will, by service agreement, begin working on behalf of the CMRA. Under this agreement, revenues collected by the Securities Division will be on behalf of and belong to the CMRA, and certain agreed expenses incurred by the Securities Division will be recoverable from the CMRA. After a period of three years from the launch date, the Securities Division may, by agreement, transfer to and become part of the CMRA.

Refer also to Notes 11 and 12.





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